

Message Text

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FRB-03 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 ITC-01 ICA-11 SP-02
SOE-02 OMB-01 DOE-15 /124 R

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APPROVED BY STR: SLLANDE
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STATE: MBAAS
COMMERCE: BSTEINBOCK
LABOR: TFIEKOWSKY
AGRICULTURE: BHARPER
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INFO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: MTN, MX

SUBJECT: U.S. MTN INDUSTRIAL OBJECTIVES - MEXICO

1. FOLLOWING IS INTER-AGENCY APPROVED U.S. MTN INDUSTRIAL OBJECTIVES WITH REGARD TO MEXICO.
2. THE U.S. IS INTERESTED IN IMPROVED ACCESS TO THE MEXICAN MARKET. THERE ARE TWO PARTS TO THIS GENERAL MTN OBJECTIVE : 1) SECURITY OF ACCESS, AND 2) TRADE BARRIER LIBERALIZATION.

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3. THE U.S. SEEKS SECURE MARKET ACCESS IN THE FORM OF BOUND TARIFF RATES ON ALL TARIFF REQUESTS AND A COMMITMENT THAT ANY LICENSING REQUIREMENTS WILL NOT IMPEDE ACCESS TO THE MEXICAN MARKET. MORE GENERALLY, IN ORDER TO ENSURE THAT THE VALUE OF ANY TARIFF BINDING WILL NOT BE IMPAIRED THROUGH APPLICATION OF NONTARIFF MEASURES,

THE U.S. REQUESTS ADDRESS ALL OTHER NONTARIFF MEASURES AFFECTING SPECIFIC PRODUCTS. THIS MEANS IN THE CONTEXT OF GATT MEMBERSHIP THAT WE SEEK A COMMITMENT FROM MEXICO THAT FOR THE ITEMS ON WHICH A BINDING IS OFFERED NON-TARIFF RESTRICTIONS WILL NOT BE APPLIED WITHOUT GATT JUSTIFICATION.

4. IN ADDITION TO SECURE MARKET ACCESS, THE U.S. MUST BE ABLE TO DEMONSTRATE AT THE CONCLUSION OF THE MTN THAT THERE HAS BEEN SOME LIBERALIZATION OF TRADE BARRIERS. MEXICO IS SEEKING CREDIT IN THE MTN FOR ALL RECENT LIBERALIZATIONS IN ITS IMPORT REGIME. (SINCE SEPTEMBER 1976 MEXICO HAS ELIMINATED THE IMPORT LICENSE REQUIREMENT ON MORE THAN THREE THOUSAND ITEMS WITH THE RESULT THAT ONLY ABOUT 50 PERCENT OF THE PRODUCT CATEGORIES--ALTHOUGH LESS THAN 10 PERCENT BY VALUE--IN MEXICO'S TARIFF CODE REQUIRE IMPORT LICENSES). THE U.S. APPLAUDS THE IMPORT REGIME LIBERALIZATIONS UNDERTAKEN BY MEXICO; HOWEVER, MEXICO IS EXPECTED TO MAKE CONTRIBUTIONS IN THE MTN BEYOND SEEKING CREDIT FOR UNILATERAL ACTIONS ALREADY TAKEN AND SUBJECT TO POSSIBLE REVOCATION AT ANY TIME.

5. IN THE PROCESS OF LIBERALIZING ITS IMPORT REGIME, MEXICO HAS ELIMINATED THE IMPORT LICENSE REQUIREMENT IN FAVOR OF TARIFF PROTECTION; IN MANY CASES THE PRE-LIMITED OFFICIAL USE

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VIOUS TARIFF HAS BEEN INCREASED. AT THE RECENT U.S.-MEXICO TRADE SUBGROUP MEETING, THE MEXICAN DELEGATION SUGGESTED THE POSSIBILITY OF BINDING THE NEW TARIFF RATES AT SLIGHTLY HIGHER LEVELS. THE U.S. RESPONDED THAT WHILE THIS PROPOSAL WOULD HELP MEET OUR INTEREST IN SECURITY OF ACCESS, WE WERE ALSO INTERESTED IN LIBERALIZATION. ACCORDINGLY, A POSSIBLE COMPROMISE WHICH COULD BE EXPLORED WITH THE MEXICANS, WOULD, IN THE CASE OF INDUSTRIAL ITEMS WHERE THE LICENSE HAS BEEN CONVERTED TO A HIGHER DUTY RATE, CALL FOR THE STAGED REDUCTION OF THE PROPOSED BINDING LEVELS DOWN TO THE LEVEL APPLICABLE PRIOR TO ELIMINATION OF THE LICENSE REQUIREMENT. IN ORDER TO TAKE INTO ACCOUNT MEXICO'S DEVELOPMENT CONCERNS, WE WOULD BE PREPARED TO CONSIDER LONGER STAGING OF REDUCTIONS ON PARTICULAR ITEMS. FOR ITEMS WHERE THE LICENSE HAS BEEN ELIMINATED BUT THE TARIFF HAS NOT BEEN INCREASED, WE COULD REQUEST SIMILAR REDUCTION FROM THE PROPOSED BINDING LEVEL DOWN TO THE CURRENT DUTY.

6. THERE ARE 57 (OUT OF A TOTAL OF 153) ITEMS IN OUR MTN INDUSTRIAL REQUEST LIST WHICH WOULD BE COVERED BY

THE ABOVE PROPOSAL. FOR 36 OF THESE ITEMS THERE HAS BEEN NO CHANGE IN THE TARIFF (DUTIES RANGE FROM 10-15 PERCENT); FOR THE OTHER 21 ITEMS THE TARIFF HAS BEEN INCREASED SUBSTANTIALLY (NEW DUTIES RANGE FROM 15-100 PERCENT).

7. FOR THE REMAINING ITEMS ON THE U.S. INDUSTRIAL REQUEST LIST, I.E. WHERE MEXICO HAS NOT LIBERALIZED THE LICENSE REQUIREMENT, WE ARE SEEKING A 50 PERCENT REDUCTION AND BINDING OF MEXICO'S TARIFF OVER 15 PERCENT, AND A BINDING OF RATES 15 PERCENT OR BELOW. FOR THESE ITEMS WE ARE NOT NECESSARILY REQUESTING THAT MEXICO ELIMINATE ITS IMPORT LICENSING REQUIREMENT, BUT THAT IMPORT LICENSES FOR ANY ITEM ON WHICH A TARIFF LIMITED OFFICIAL USE

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CONCESSION IS GRANTED BE ISSUED PROMPTLY WITHOUT ANY RESTRICTIONS.

8. WITH REGARD TO ITEMS NOT PRESENTLY CONTAINED IN THE U.S. REQUEST LIST, BUT FOR WHICH MEXICO HAS UNILATERALLY ELIMINATED THE IMPORT LICENSE REQUIREMENT, U.S. INDUSTRY HAS IDENTIFIED 1,258 PRODUCT CATEGORIES OF INTEREST TO THEM. THESE PRODUCTS INCLUDE INDUSTRIAL CHEMICALS, WOOD PRODUCTS, RUBBER PRODUCTS, METAL-WORKING EQUIPMENT, PRECISION INSTRUMENTS, RAILWAY EQUIPMENT, MACHINE-TOOLS, HAND TOOLS, AND SOME ELECTRICAL MACHINES. ABOUT 35 PERCENT OF THESE ITEMS HAVE HAD THEIR TARIFFS INCREASED CONCURRENTLY. PRESENT TARIFF DUTIES FOR ALL THESE CATEGORIES, EXCEPT FOR THOSE WITH DUTY INCREASES, RANGE FROM 10-30 PERCENT. THE NEW HIGHER DUTIES RANGE FROM 20-60 PERCENT. WHILE WE ARE NOT SEEKING TARIFF BINDINGS ON THESE ITEMS, WE COULD INDICATE TO MEXICO OUR INTEREST IN CONTINUED IMPORT LICENSE LIBERALIZATION FOR THESE PRODUCTS.

9. MAINTENANCE OR IMPROVEMENT OF THE U.S. INDUSTRIAL OFFER IS CONTINGENT UPON AN ADEQUATE LEVEL OF MEXICAN CONTRIBUTIONS IN RESPONSE TO U.S. REQUESTS. THE U.S. IS PREPARING A LIST OF SUPPLEMENTAL REQUESTS FOR MEXICO. VANCE

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Draft Date: 28 jun 1978
Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
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